

04-165 Commissioner of Insurance

The mission of the Department of Insurance is to enforce the insurance laws and regulations of the state impartially, honestly, and expeditiously. The Department of Insurance will employ the highest ethical, professional and work quality standards will be exercised in all formal and informal relationships with individuals, agencies, and companies affected by the policies and actions of the department.

The goals of the Department of Insurance are:

1. Enforce the existing laws and propose new laws that promote the protection of the public related to matters involving insurance.
2. Better meet the needs of the public and improve customer services by increasing efficiency, fairness, consistency, and timeliness in the enforcement of applicable laws and regulations.
3. Maintain and expand the knowledge of staff and the technological infrastructure to respond to current and future consumer and industry needs.
4. Promote a healthy insurance market in the State of Louisiana.
5. Work with other states and the National Association of Insurance Commissioners (NAIC) to standardize insurance regulatory efforts.

The Department of Insurance is organized under the authority of Title 36, Chapter 17 of the Louisiana Revised Statutes of 1950, as amended. The department is administered by the elected commissioner of insurance under authority of Article IV, Section 11 of the Louisiana Constitution. The commissioner serves a four-year term.

It is the duty of the commissioner of insurance to administer the provisions of the Louisiana Insurance Code, Title 22 of the Louisiana Revised Statutes. Insurance is defined as "a business affected with the public interest and it is the purpose of this code to regulate that business in all of its phases" (LSA R.S. 22:2.) The Louisiana Insurance Code is composed of thirty-nine parts. The commissioner of insurance has sole jurisdiction over the administration of thirty-eight of these thirty-nine parts and concurrent jurisdiction with the Louisiana Insurance Rating Commission over Part XXX.

The commissioner of insurance is responsible for oversight of the effectiveness and efficiency of the Department of Insurance while ensuring compliance with all applicable state and federal laws, rules, and regulations. The commissioner's responsibilities include holding of insurance-related hearings; issuing cease and desist orders and penalizing companies determined not to be in compliance with applicable laws, rules, and regulations; collection of insurance premium taxes and fees; and administration of a receivership program which is responsible for insurance companies that, through court action, have been placed in receivership (rehabilitation or liquidation).

The commissioner oversees the regulation of life, health and accident, property and liability, marine and inland marine, fidelity and surety and title insurance. The regulatory requirements include: approval of all policy forms before they may be offered to Louisiana citizens; enforcing the Unfair Trade Practices Act regarding sale and advertising of insurance, unfair discrimination and excessive profits; verifying the accuracy of financial statements filed by insurance companies; determining the solvency of insurance companies; approving merger and reinsurance agreements; overseeing the registration of certain securities and securities dealers regarding securities issued by insurance companies and holding companies formed for the purpose of forming insurance companies; testing and licensing of all agents, solicitors, brokers, and surplus lines brokers; licensing of all insurance companies, including life, health and accident, property and liability, marine and inland marine, title, fidelity and surety, and vehicle mechanical breakdown insurers; regulation of group self-insurers for workers' compensation self-insurance, the Louisiana Municipal Association and Police Jury Association self-insurance programs for liability of workers' compensation insurance, and automobile clubs; administration of Act 850 (Equal Opportunity in Insurance) of 1984, which was designed to assist minorities within the insurance industry; administration of the Insurance Rating Commission, which regulates the rules and rates of property, casualty, surety, and inland marine insurance to the end that rates are not excessive, inadequate, or unfairly discriminatory.

The Department of Insurance-Commissioner of Insurance has two programs: Administration/Fiscal and Market Compliance.

GENERAL PERFORMANCE INFORMATION: LICENSED AND APPROVED INSURANCE COMPANIES IN LOUISIANA

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1994-95	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Number of licensed domestic insurance companies ¹	192	191	202	200	200
Number of licensed foreign/alien insurance companies ²	1,655	1,599	1,698	1,705	1,717
Number of surplus lines companies approved and monitored ³	155	150	156	156	155
Total number of companies licensed and approved	2,002	1,940	2,056	2,061	2,072

¹ A domestic insurance company is an insurance company formed under the laws of the State of Louisiana that has been approved by the Louisiana Department of Insurance to transact business. To obtain approval, an application must be filed using the department's forms.

² A foreign insurance company is an insurance company formed under the laws of any state other than Louisiana, or territory of the United States or the District of Columbia. A foreign insurance company must apply for a Louisiana Certificate of Authority and comply with applicable provisions of the Louisiana Insurance Code in order to be admitted and legally transact business in Louisiana. An alien insurance company is an insurance company that has been formed under the laws of any country other than the United States. An alien insurance company must apply for a Louisiana Certificate of Authority and comply with applicable provisions of the Louisiana Insurance Code in order to be admitted and legally transact business in Louisiana.

³ A surplus lines company is an approved, unauthorized insurer. An insurer without a Certificate of Authority, but which has met certain qualifications under the provisions of the Louisiana Insurance Code, including filing an application for approval. Upon obtaining approval to operate as an approved, unauthorized insurer, a surplus lines company is placed on the list of approved, unauthorized insurers compiled and maintained by the Louisiana Commissioner of Insurance.

BUDGET SUMMARY

	ACTUAL 1998-1999	ACT 10 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	22,356,309	25,755,784	25,755,784	18,381,467	18,022,212	(7,733,572)
Statutory Dedications	442,252	476,323	588,586	656,786	802,404	213,818
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	163,675	199,998	206,897	230,416	201,878	(5,019)
TOTAL MEANS OF FINANCING	\$22,962,236	\$26,432,105	\$26,551,267	\$19,268,669	\$19,026,494	(7,524,773)
EXPENDITURES & REQUEST:						
Administration/Fiscal	\$11,354,691	\$12,328,448	\$12,440,711	\$4,752,578	\$4,793,982	(\$7,646,729)
Market Compliance	11,607,545	14,103,657	14,110,556	14,516,091	14,232,512	121,956
TOTAL EXPENDITURES AND REQUEST	\$22,962,236	\$26,432,105	\$26,551,267	\$19,268,669	\$19,026,494	(7,524,773)
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	248	261	266	266	255	(11)
Unclassified	27	30	30	30	30	0
TOTAL	275	291	296	296	285	(11)

This agency's recommended appropriation does not include any funds for short-term debt.

This agency does not have any long-term debt for Fiscal Year 2000-2001.

This agency's recommended appropriation also includes the following amount by means of financing for payments on the unfunded accrued liability of the Louisiana State Employees' Retirement System in accordance with the provisions of Article X, Section 29 of the Constitution of Louisiana:

State General Fund by:	
Fees & Self-gen. Revenues	\$623,810
Total	\$623,810